



Request for City Council Committee Action from the Department of Public Works

Date: November 19, 2013

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Referral to: Honorable Betsy Hodges, Chair Ways & Means/Budget Committee

Subject: **Reduction of Assessments for 22nd St E Street Lighting Project**

Recommendation:

Passage of a Resolution reducing the special assessments for the 22nd St E street lighting project to \$38,457.73 for payable 2014 and subsequent years and authorizing the refund of special assessment overpayment of principal and interest collected from 2013 real estate taxes for Property ID 36-029-24-22-0071 in the amount of \$85.49.

Previous Directives:

- November 13, 2012 – Committee Report - final levy of assessments
- August 19, 2011 – Resolution 2011R-426 adopting special assessments

Department Information:

Prepared by: Suzette Hjermstad, Supervisor, PW Special Assessment Office 643-2401
Robert Carlson, P.E., Principal Professional Engineer 673-3614

Approved by: _____

Steven A. Kotke, P.E., Director of Public Works

Presenters in Committee: Bob Carlson

Financial Impact

Other: \$1,921 of interest expense will be added to the project, to be reconciled at project close-out.

Supporting Information

Background

On August 19, 2011, the City Council ordered the City Engineer to proceed and do the work and adopted the special assessments for the 22nd St E Reconstruction and Street Lighting project. The project was scheduled for construction in late 2011 with completion by the Fall of 2012.

This project was originally established as a much larger project when the grant applications were submitted. Originally it included the reconstruction of the intersection of Cedar Ave. and Franklin Ave. as well as the remaining project for streetscape on Franklin Ave and the street paving and street lighting construction/installation of E. 22nd St. from Minnehaha Ave. to Cedar Ave. The remaining project was partially reimbursed by a Federal Transportation Improvements for Planned Economic Development Districts (TIPEDD) Grant, a Metropolitan Council Livable Community Demonstration Account (LCDA) grant, and Minnesota State Aid funds, with the remainder from net debt bonds and special assessments.

The original estimated cost of the street lighting project was \$130,000. The cost that was levied in November of 2012, after project completion, was \$119,686.18.

Need for Assessment Reduction

An error was made in determining the amount of grant money that could be used for street lighting installation. The grant funds will cover 100% of the construction cost of street lighting and will not cover the cost for design or construction inspection of the street lighting. With the additional available grant funds applied to the street lighting project, the revised total street lighting special assessment amount has been adjusted to \$46,480.24. Since the assessments began collection on 2013 real estate taxes (the first installment of 20), the principal and interest installment paid with this year's taxes for each parcel, has been applied to further reduce the amended assessment total to \$38,457.73. (The assessment of \$119,686 resulted in higher annual principal payment amount and the interest payment was also higher. The difference of what was paid in interest less what should have been paid in interest has also been deducted from the amount to be assessed, as well as deducting the first principal payment, yielding the \$38,457.73 figure.) The reduced assessments will begin on the 2014 and subsequent years real property tax statements for the remaining 19 years.

Parcel ID 36-029-24-22-0071 at 2223 Snelling Ave had an assessment amount of \$125.96 principal plus interest, which was collected in full with the 2013 property taxes. The reduced assessment for this parcel is \$39.68 plus interest of \$.79 for a total of \$40.47. Therefore, this parcel is due a refund of \$85.49 for overpayment of the lighting assessment.

Future Actions

Because Special Assessment bonds have been sold to cover the original assessment amount of \$119,686, this reduction in amount assessed will result in a net shortfall of \$94,845.67 in the special assessment debt service fund. Staff will return to committee to close-out the Franklin Streetscape project and the E. 22nd St paving project, reconcile the funding, and recommend funding to make the special assessment debt service fund whole before May 1st, 2014.

Petition No. _____

Properties and Reduced Assessments for the 22nd St E Street Lighting Project No 2998L (Levy No. 01026) to begin on 2014 real estate tax statements and collected for remaining assessment term (19 years).

Property ID	Assessment Reduced to
36-029-24-22-0020	3,968.87
36-029-24-22-0021	2,252.32
36-029-24-22-0022	1,781.08
36-029-24-22-0023	10,253.91
36-029-24-22-0045	2,803.90
36-029-24-22-0051	3,527.12
36-029-24-22-0052	2,220.93
36-029-24-22-0053	1,562.64
36-029-24-22-0054	175.25
36-029-24-22-0101	2,439.26
36-029-24-22-0105	7,432.76